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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92060849
Party	Plaintiff FINAM
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

FINAM,

Petitioner,

v.

Sunkiss Thermoreactors, Inc.,

Registrant.

Cancellation No.: 92060849

Registration No.: 1,200,333

Mark: SUNKISS

**PETITIONER'S REPLY IN SUPPORT OF ITS MOTION FOR LEAVE TO FILE AN
AMENDED PETITION FOR CANCELLATION**

Petitioner hereby submits its Reply in support of its Motion For Leave to File an Amended Petition for Cancellation ("Motion to Amend") to add as a ground for cancellation that Registrant is not the rightful owner of the SUNKISS mark.

I. INTRODUCTION

Registrant fails to offer sufficient reasons why Petitioner's Motion to Amend should not be granted in light of the prevailing standard, under which the Board liberally grants leave to amend pleadings at any stage of the proceeding when justice requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party. See *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503 (TTAB 1993); *United States Olympic Committee v. O-M Bread Inc.*, 26 USPQ2d 1221 (TTAB 1993).

Petitioner has come forth with meritorious claims. It has done so before the close of discovery, thereby avoiding any undue prejudice to the Registrant. Moreover, Registrant has recognized the relevance and validity of Petitioner's claims by serving discovery requests

directly addressed to the allegations in Petitioner's Amended Petition for Cancellation (see Declaration of Kristen Mogavero ("Mogavero Dec."), ¶¶ 2-4, Ex. 1-3) and cannot allege that it has insufficient notice nor an opportunity to take discovery on this issue. Registrant's claims of prejudice cannot be given credence when it has already served relevant discovery requests on the claims it seeks to preclude. *See id.*

Because Petitioner's amendment is timely, will not prejudice Registrant, and is not futile, Petitioner's Motion to Amend should be granted.

III. PETITIONER'S PROPOSED CLAIMS ARE MERITORIOUS

Petitioner's meritorious claims find support in the facts and law, and are not futile. "Futility" means that the complaint, as amended, would fail to state a claim upon which relief could be granted." *Glassman v. Computervision Corp.*, 90 F.3d 617, 623 (1st Cir. 1996). "[W]hether or not the moving party can actually prove the allegation(s) sought to be added to a pleading is a matter to be determined after the introduction of evidence at trial or in connection with a proper motion for summary judgment," and should not bear on whether the Board should grant leave to amend. TBMP § 507.02.

A. Registrant has Abandoned its Rights in the SUNKISS Mark

Paragraphs 13 and 14 of Petitioner's Amended Petition for Cancellation (Amended Petition) set forth additional factual allegations in support of Petitioner's existing abandonment claim. See DE 1 at ¶ 6. The allegations in paragraphs 13 and 14 of the Amended Petition reference [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] By relinquishing its rights to control the quality of the goods sold under the SUNKISS mark, Registrant has effectively abandoned its mark through

naked licensing. It is well-settled that naked licensing is a form of abandonment, which Petitioner has already pled as grounds for cancellation of Registration No. 1,200,333. See *id.*; see also 2-6 Gilson on Trademarks § 6.04 (“A . . . ‘naked’ trademark license constitutes an abandonment of the licensor's rights in the mark.”) (citing *Doebler's Pennsylvania Hybrids, Inc. v. Doeblor*, 442 F.3d 812, 823 (3d Cir. 2006) (“Failure to provide quality control may constitute naked licensing, leading to abandonment of the mark.”)). When the right of quality control is relinquished, ownership is terminated. See *id.* As such, the factual allegations set forth in paragraphs 13 and 14 of the Amended Petition give rise to additional grounds to support Petitioner’s existing abandonment claims and should be allowed. *Cent. Mfg. Co. v. Paramount Parks, Inc.*, 2004 TTAB LEXIS 642 (TTAB Oct. 29, 2004) (allowing amendments which amounted to an amplification of allegations made in the original proceeding).

B. Registrant is Not the Rightful Owner of Registration No. 1,200,333

Paragraphs 13 through 18 of the Amended Petition allege the [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] See DE 13 at 1, 5-7.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Contrary to Registrant's assertions, [REDACTED]

[REDACTED]

[REDACTED] Compare DE 13 at 5 with DE 11, Amended Petition at ¶ 15. [REDACTED]

[REDACTED]

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While the parties may disagree about [REDACTED], it is clear that Petitioner's claim that Registrant is not the rightful owner of the Registration is not futile, particularly when [REDACTED]. See DE 13, Ex. 1 (§ 2.2(e)) and Ex. 3; Mogavero Dec. at ¶¶ 5, 6 and Ex. 4, 5.

Registrant attempts to avoid this challenge to its Registration by arguing that since the Registration is incontestable, ownership is not a permitted ground for cancellation under 15 U.S.C. 1064(3). See DE 13 at 9-10. However, the cases cited by Registrant only deny a challenge to ownership that is premised upon the Petitioner's alleged prior use and/or rights in the mark at the time of registration. See *id* (citing *Treadwell's Drifters, Inc. v. Marshak*, 18 USPQ2d 1318, 120 (TTAB 1990); *Kemin Industries, Inc. v. Watkins Products, Inc.*, 192 USPQ 327, 328-29 (TTAB 1976); *Health Net v. Mid-America Health Network, Inc.*, 1999 TTAB LEXIS 289, *9 (TTAB June 29, 2009)). That, however, is not the claim Petitioner is making here.

A [REDACTED] some 25 years after the Registration was issued raise serious questions about Registrant's continued ownership of the Registration. Registrant's position that incontestability acts as a complete bar to a challenge as to the ownership of a registration is untenable. The grounds for cancellation enumerated in 15 USC § 1064(3) necessarily raise questions as to the validity of a registration and, therefore, the Registrant's ownership rights thereto. While the Board may not be able to cancel an incontestable registration based upon a challenger's prior use, this is distinguishable from a later arising dispute over ownership resulting from [REDACTED] after the registration issued.

C. Registrant has Engaged in Unlawful Use of the SUNKISS Mark

Trademark rights are established or maintained on the basis of lawful use of the mark. See *Coahoma Chem. Co. v. Smith*, 113 U.S.P.Q. 413 (Comm'r Pats. 1957) (holding that "use of a mark in connection with unlawful shipments in interstate commerce is not use of a mark in commerce which the Patent Office may recognize" and ordering cancellation of registrations where shipments using the registered mark violated the Federal Economic Poisons Act), *aff'd*, 264 F.2d 916 (C.C.P.A. 1959). Petitioner, in its Amended Petition has properly alleged that Registrant has not engaged in lawful use of the SUNKISS mark, as its use of the mark is in violation of the laws of Quebec, Canada. See DE 11, Amended Petition at ¶¶ 19, 20. Such valid, meritorious claims are sufficient to meet the notice pleading requirements of Fed. R. Civ. P. 8.

IV. THERE ARE NO EQUITABLE REASONS TO DENY PETITIONER'S MOTION

Petitioner's Motion to Amend is not being brought in bad faith nor for delay, and the Registrant offers no support for these conclusory allegations. See DE 13 at 10-12.

The remainder of Registrant's argument regarding equitable considerations is premised exclusively on "delay." As Petitioner has explained, mere delay, "absent a showing of bad faith or undue prejudice, does not provide a basis to deny the right to amend." *Block v. First Blood Assocs.*, 988 F.2d 344, 350 (2d Cir. 1993); see also *Edwards v. City of Goldsboro*, 178 F.3d 231, 241 (4th Cir. 1999) ("Delay alone is insufficient to deny leave to amend. Rather the delay must be accompanied by prejudice, bad faith, or futility.").

Registrant has not shown that it will suffer any prejudice as a result of Petitioner's amendment. Moreover, any minimal prejudice that may result is readily ameliorated by an

extension of the discovery and trial dates. See *99 [cents] Only Stores v. U.S. Dream, Inc.*, 2004 TTAB LEXIS 475, *5-6 (TTAB Aug, 23, 2004). Petitioner has already stated that it would be amenable to a sixty (60) day extension of the trial calendar. See DE 11 at 8. Considering that this proceeding has moved forward without a single suspension or extension of the trial dates, this is a reasonable way to accommodate the Registrant and avoid any prejudice to Petitioner arising from the preclusion of its meritorious claims. Registrant has not come forth with any supposed prejudice that will not be remedied by such an extension.

Furthermore, any supposed prejudice that Registrant might incur is diminished by the fact that Registrant has already served requests for admissions, document production requests, and interrogatories based on the Petitioner's Amended Petition for Cancellation. *Mogavero Dec.*, ¶2-4, Ex. 1-3. These outstanding discovery requests, combined with a reasonable sixty (60) day extension of the trial schedule are more than sufficient to overcome any potential prejudice to the Registrant.

The cases cited by Registrant are readily distinguishable. For example, in most of the cases there was a previously pending dispositive motion which the Board ultimately granted, and so the petitioner's motion to amend would needlessly prolong the litigation, giving rise to the type of prejudice that is to be avoided, but which is not present here. In *Media Online*, the petitioner did not file its motion to amend until after the registrant had already filed a motion for judgment on the pleadings, indicating that the petitioner was merely trying to avoid an adverse decision and prolong the litigation. *Media Online v. El Clasificado, Inc.*, 2008 TTAB LEXIS 52, *2, 5-8 (TTAB 2008) (precedential). The Board further found that the Petitioner's proposed claim was futile. *Id.* at 8; see also *ChaCha Search, Inc. v. Grape Tech. Group, Inc.*, 2012 TTAB LEXIS 490, *7, 19 (TTAB 2012) (Board denied Registrant's request to add counterclaim when

motion was filed after discovery closed and pretrial disclosures served and while Petitioner's motion for summary judgment on the sole remaining counterclaim was pending; Board granted summary judgment for Petitioner thereby dismissing the action.); *Capital Speakers, Inc. v. Capital Speakers Club of Washington, D.C. Inc.*, 1996 TTAB LEXIS 23, *5-7, 22 (TTAB 1996) (Board denied motion to amend filed four years after initial petition and while adverse party's motion for summary judgment was pending; motion for summary judgment was granted and proceeding was dismissed).

In *Trek Bicycle Corp. v. StyleTrek Limited*, also cited by Registrant (DE 13 at 10-11), the Board noted that it was "troubled" by the moving party's delay, but ultimately found that the proposed claim was legally insufficient, and this was the definitive reason for denying the motion. 2001 TTAB LEXIS 841, *6-7 (TTAB 2001).

Registrant has failed to cite to a single case where delay alone is sufficient to deny leave to amend. There are no pending dispositive motions that would result in the dismissal this proceeding, discovery remains open, and Petitioner's claims are not futile. Registrant would not suffer undue prejudice if Petitioner's Motion to Amend were granted.

CONCLUSION

Because Petitioner's amendment is timely, will not prejudice Registrant, and is not futile, Petitioner respectfully requests that its motion be GRANTED.

Respectfully Submitted,

Dated: October 28, 2015

By: /Kristen A. Mogavero/
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SHOULD ANY OTHER FEE BE REQUIRED, THE PATENT AND TRADEMARK OFFICE IS HEREBY REQUESTED TO CHARGE SUCH FEE TO OUR DEPOSIT ACCOUNT 03-2465.

I HEREBY CERTIFY THAT THIS CORRESPONDENCE IS BEING FILED ELECTRONICALLY WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE.

Date: October 28, 2015

By: /Kristen A. Mogavero/

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

FINAM,

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v.

Sunkiss Thermoreactors, Inc.,

Registrant.

Cancellation No.: 92060849

Registration No.: 1,200,333

Mark: SUNKISS

**DECLARATION OF KRISTEN A. MOGAVERON IN SUPPORT OF PETITIONER'S
REPLY IN SUPPORT OF ITS MOTION FOR LEAVE TO FILE AN
AMENDED PETITION FOR CANCELLATION**

I, Kristen A. Mogavero, declare and state, under penalty of perjury, as follows:

1. I am an attorney at Collen IP, attorneys for FINAM ("Petitioner") in the above referenced action. The facts set forth in this declaration are personally known to me and I have first-hand knowledge thereof. If called as a witness, I could and would competently testify to all the following facts that are within my personal knowledge.

2. On October 19, 2015, Registrant Sunkiss Thermoreactors, Inc. "Registrant" served its First Set of Requests for Admissions on Petitioner in this proceeding. A true and correct copy of the Registrant's First Set of Requests for Admissions is attached hereto as Exhibit 1.

3. On October 19, 2015, Registrant served its Second Set of Interrogatories on Petitioner in this proceeding. A true and correct copy of the Registrant's Second Set of Interrogatories is attached hereto as Exhibit 2.

4. On October 19, 2015, Registrant served its Second Set of Requests for Documents on Petitioner in this proceeding. A true and correct copy of the Registrant's Second Set of Requests for Documents is attached hereto as Exhibit 3.

5. A true and correct copy of an English translation of the document titled [REDACTED] [REDACTED] as produced by Registrant as Exhibit 1 to its Opposition to Petitioner's Motion for Leave to File an Amended Petition for Cancellation (DE 13, Ex. 1), is attached hereto as Exhibit 4.

6. A true and correct copy of an English translation of the document titled [REDACTED] [REDACTED] as produced by Registrant as Exhibit 3 to its Opposition to Petitioner's Motion for Leave to File an Amended Petition for Cancellation (DE 13, Ex. 3), is attached hereto as Exhibit 5.

7. A true and correct copy of the certification as to the accuracy of the English translations provided as Exhibits 4 and 5 is attached hereto as Exhibit 6.

8. On October 28, 2015, Petitioner served supplemental document production on Registrant and said document production included Exhibits 4, 5, and 6 hereto (labelled as Bates Nos. FINAM 000093-000107, 000108-000109, and 138, respectively).

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed October 28, 2015 at Ossining, New York.

A handwritten signature in black ink, appearing to read "Kristen M.", is written over a horizontal line.

Kristen A. Mogavero

Exhibit 1

(Confidential)

Exhibit 2

(Confidential)

Exhibit 3

(Confidential)

Exhibit 4

(Confidential)

Exhibit 5

(Confidential)

Exhibit 6

(Confidential)

CERTIFICATE OF SERVICE

I, Carina Scorgia, hereby certify I caused a true copy of the foregoing Petitioner's Reply in Support of Its Motion for Leave to File an Amended Petition for Cancellation to be served upon Registrant's Attorney of Record at the following address via first class mail, postage prepaid, on this 28th day of October, 2015:

Levy & Grandinetti
PO Box 18385
Washington, DC 20036-8385
Attn.: Ms. Rebecca J. Stempien Coyle
mail@levygrandinetti.com

Carina Scorgia